

WELCOME AND INTRODUCTION

Caltrans held a workshop for the *GoCalifornia* initiative on May 24, 2006. The purpose of the workshop was to update industry partners on the current status of the *GoCalifornia* Industry Capacity Expansion (ICE) action plan, validate the action plan and identify industry partners to work with Caltrans on implementation of the key action steps. The following Caltrans and industry representatives attended the meeting:

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|--------------------|---------------------|----------------------|
| - Brandon Milar | - Jim St. Martin | - Tony Limas |
| - Bob Pieplow | - Robert D. Koleas | - Rick Land |
| - Tara Haas | - Dan Chapman | - Will Kempton |
| - John Franich | - Skip Brown | - Sharon Scherzinger |
| - Sheila Mone | - Angela Driscoll | - Tom Tietz |
| - Bruce Carter | - Rebecca Llewellyn | - Nick Burmas |
| - Charley Rea | - Robert Wrixon | - Karla Sutliff |
| - R.G. Albright | - Mark Leja | - Bimla Rhinehart |
| - Jim Bourgart | - Joe Blodgett | - Gene Mallette |
| - Elizabeth Dooher | - Carolyn Pierce | - Tim Hackworth |
| - Steve Kupferman | - Sam Hassoun | |

DIRECTOR'S MESSAGE

Caltrans Director Will Kempton opened the meeting by welcoming and thanking the attendees for their interest and participation. He also reaffirmed the Department's commitment to carrying out the *GoCalifornia* action plan in partnership with industry. Mr. Kempton then briefly described current and potential funding that would be available for Caltrans projects, including the infrastructure bond on the November 2006 ballot. The bond would earmark \$19.9 billion for transportation and would boost all related industries.

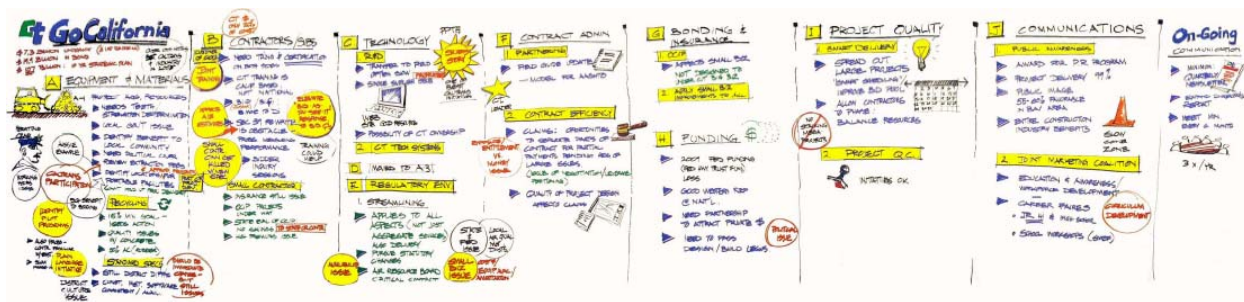
Mr. Kempton also challenged participants to use the workshop to identify "out of the box" solutions and ideas that could move the *GoCalifornia* initiative forward while encouraging industry expansion. He indicated that solutions need to be innovative and flexible and may include statutory changes when necessary and appropriate. Investigate alternative bidding for diesel and aggregates. Success of the *GoCalifornia* initiative will require partnerships between Caltrans, industry and labor as well as state and local governments. He emphasized "Everyone needs to focus on implementation. What are specific action steps we need to take? Labor – What steps are needed to get skilled labor?"

OVERVIEW

Lou Hexter of Moore Iacofano Goltsman, Inc (MIG) served as facilitator of the meeting. He offered the participants a brief recap of previous work on the *GoCalifornia* initiative: Two workshops with Caltrans and industry representatives were held during 2005. The first workshop focused on developing a framework of strategic areas to develop new methods to conduct business both internally and externally with Caltrans. The second workshop involved developing a work plan for the framework and identifying specific action items. The outcome of the two workshops is the current *GoCalifornia* ICE action plan.



Mr. Hexter facilitated the discussion and Larry Wight, also of MIG, graphically recorded the meeting.



ACTION PLAN UPDATE

Gene Mallette, Caltrans Assistant Chief, Division of Construction, walked the participants through the ten main action areas and provided a brief overview of accomplishments to date. Mr. Mallette reminded the participants that the framework and strategic actions are part of a living plan that will continue to be updated and modified as opportunities arise and adjustments are required. Highlights of the presentation included:

- The Department will begin the five-year project of replacing the current construction contract administration system (CAS) with a new construction management system (CMS) on July 1, 2006. Industry assistance will be requested to collect data to develop system requirements for enhancing reports and submittals.
- The Department is beginning the justification process of replacing the current Pavement Management System to better track pavement structural section and its condition in order to begin developing algorithms for performance standards.
- Caltrans will continue to educate Construction Chiefs on the GoCalifornia initiative, foster cooperation between chiefs and contractors, and increase the amount of product quality conducted by chiefs in the field.
- Joint training opportunities between Caltrans and industry need to be developed and implemented to support the overall action plan.
- The Department's Project Management and Design Divisions are developing 'Smart Delivery' methods for future projects.

VALIDATING THE ACTION PLAN

Mr. Hexter then led the participants through the main agenda item of the day, validating the ten main action areas and related action steps. He asked the group to consider any missing issues or opportunities. In addition, industry task managers were assigned to each action step to ensure that Caltrans and industry partnerships were in place to further the *GoCalifornia* initiative.

Comments and feedback for each of the action plans are provided below. Industry task managers for each action step are listed after the comments and feedback.



A EQUIPMENT AND MATERIALS AVAILABILITY

A1. Secure Adequate Materials to Meet the State Needs

Protection of aggregate resources at the state and local level needs to be strengthened to reserve materials for current and potential projects. Local legislations have planning and environmental controls that can limit access to aggregate materials and allow potential material sites to be developed. Communication from the state regarding the overall need for materials might influence local planning decisions.

Incentive programs, possibly funded through Caltrans, should also be considered to enhance industry access to aggregate resources sites.

Australia currently has a successful program that could provide solutions and ideas for California.

Caltrans should explore establishing a “permitting czar” to assist with bottlenecks in the permitting process.

Politicians are seeking political cover to address mining and permitting needs within the state. Coordinated action between Caltrans and industry could provide support to politicians. Developing messages that would resonate with and gain the support of individuals and communities within the state would enhance this effort and support political decisions.

This effort will need to also address the growth in the number of communities resistant to mining and resource extraction sites – Not in My Back Yard (NIMBY) and Build Absolutely Nothing Anywhere Near Anyone (BANANA).

Currently, some Caltrans projects identify portable batch plants. Contractors prefer this practice and they would like to see the continuation and possibly the expansion of Caltrans identifying material sites during the bidding process. To further this practice, industry will need to assist with identifying when a portable batch plant would be appropriate for a particular project and the quantity of materials needed. It is important that the use of this practice does not delay the timely delivery of products.

On-site batch plants and recycling facilities offer potential savings, which could be extended to the state and citizens.

Additional items that industry would like to see addressed under this action step include tonnage requirements for projects, the distance between the necessary resources and projects, and Caltrans working hours.

Industry Task Manager: Charley Rea



A2. Increase the Use of Recycled Materials

Addressing the use and specifications of recycled materials is a high priority for both Caltrans and industry.

Caltrans specifications need to be modified to increase the use of recycled materials. Increases in recycled materials would lower costs for Caltrans and industry, reserve virgin materials for other products, and have a positive impact on waste management.

Current legislation supports the increased use of recycled material.

It was suggested that Caltrans a process to enhance responsiveness to requests by industry to increase the use of recycled materials. This is particularly important as requested materials and mixtures are currently being implemented in other states. The Caltrans Pavement Standards Team will continue to develop quality control processes for recycled materials. Additional research on structural concerns and issues will be addressed for recycled concrete.

Industry Task Managers: Dan Chapman and Bruce Carter

Action: Will Kempton, Rick Land and Bob Pieplow will meet offline to discuss how Caltrans can accelerate the process to incorporate more recycled materials in Caltrans specifications.

A3. Ensure Uniform Enforcement of and Compliance with Standards and Specifications

Inconsistencies in contracting are often due to the culture of particular districts. The movement towards plan language specifications for Caltrans contracts, as well as potential training opportunities, should begin to address these issues.

There are some concerns among industry that the plan language specifications will only assist new or out of state contractors and will not effectively address district culture issues.

Once implemented, new construction management software and web-based information systems should help elevated some inconsistencies and increase awareness of source and mix approvals.

Industry Task Managers: Bruce Carter and Sam Hassoun

B CONTRACTORS AND SUBCONTRACTORS CAPACITY

B1. Make Caltrans the “Customer of Choice”

Misconceptions need to be addressed within Caltrans and with contractors to increase successful working relationships, including at the mid-level manager and resident engineer level. Success can already be seen through the increase in joint meetings between Caltrans and industry. Over 100 joint meetings were held in 2005.



Increased joint training and certification opportunities could potentially improve communication and specification understanding between Caltrans and industry staff, as well as increase higher quality work.

Joint work between Caltrans and industry will need to be conducted in order to determine training and certification programs that will address the requirements of both interests.

Issues related to the rewrite of section 39 of the Caltrans manual will need to be addressed in order to achieve the goal of Caltrans being the “Customer of Choice” for contractors. New specifications could result in huge financial risks for contractors, particularly for small contractors, as new specifications cannot currently be met.

Contractors have requested additional guidance on bid inquires instead of “bid as you see it” responses. Contractors are concerned with making bids on projects that do not have specification issues resolved.

The “bid as you see it” answer may continue to be appropriate for some projects. Caltrans will explore how to be more responsive to contractor inquires, which may include additional staff training.

Industry Task Managers: Sam Hassoun, John Franich and Rebecca Llewellyn

Actions:

- Move B1-d-1 and B1-f-1 (Provide Contractors More Time for Estimating and Bidding) to action item E (Regulatory Environment).
- Rick Land will meet with Jim Bourgart and Bruce Carter to discuss training curricula and requirements.
- Additional discussions between Caltrans and industry will be held on the section 39 rewrite.
- Caltrans will include the “bid as you see it” issue in the annual contract quality assessment process.

B2. Support the Participation of Small Contractors

Small contractors would like to an increase in minor contracts through the unbundling of larger contracts.

Caltrans assessed their current contracting program and the results indicated that they did not need to operate under a race conscious program.

Increasing contracts for small business and disadvantaged business enterprise (DBE) continues to be a high priority for Caltrans. Currently, 23% of their contracts were awarded to small business and/or DBE, almost meeting the 25% requirement issued by Governor Schwarzenegger.



Insurance and bonding requirements are problematic for small contractors. Industry and insurance need to conduct discussions on how to work together to resolve this issue.

Caltrans will be working with industry and insurance on Owner Controlled Insurance Program (OCIP) issues. This may include looking at the possibility of OCIP umbrella policies and bonding assistance for small contractors. A current test program is being conducted on three Bay Area projects.

Industry Task Managers: Rebecca Llewellyn

Action: Caltrans will conduct an additional study of their contracting process between the summer of 2006 and May 2007. Based on the results, Caltrans will determine whether to continue operating under a race neutral basis or develop a race conscious program.

C TECHNOLOGY

C1. Expand Research and Development

New technology and innovations need to reach the field more quickly. Increasing the use of innovations will likely involve updating current specifications and assessing the potential of proprietary technology.

The Pavement Preservation Task Group (PPTG) is currently looking into this issue and has developed approximately twenty committees to address aspects related to increasing the use of technology in the field.

When evaluating new technologies, Caltrans will need to assess if proprietary technologies are acceptable for use.

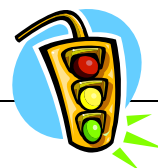
Industry Task Managers: Steve Kupferman and the PPTG, including the Rock Product Committee

Action: The Caltrans Maintenance Division will be testing new technologies, which is likely to result in new practices for the field. In addition, Caltrans may be able to develop their own innovations that could be used in place of proprietary technology.

C2. Upgrade Caltrans Technology Systems

California Legislation has approved funding to upgrade the current construction management system. The upgrade will increase information exchange between Caltrans and industry. Industry participation in this upgrade will be requested.

Action: The Construction Division will start developing the new construction management system on July 1, 2006.



Recruitment and Training (skilled and general labor)

To address current engineering staff turnover, Caltrans has secured a pay packet that will provide a 30% salary increase over the next four years.

Caltrans will continue to work on salary concerns within other classifications.

Action: Recruitment and training strategy will be incorporated into action A3 (Ensure Uniform Enforcement of and Compliance with Standards and Specifications).

E REGULATORY ENVIRONMENT

E1. Streamline the Permitting Process

Environmental regulatory issues need to be addressed at the local, state and federal level. Local air districts have regulations on aggregate resources and construction.

Caltrans is currently working to ensure that the actions by the Air Resources Board (ARB) to regulate diesel emission for off-road equipment do not negatively impact the construction industry.

Concern was expressed that clean air issues and requirements will have the greatest impact on small contractors. Unlike larger contractors, small contractors are less likely to have the means to replace equipment quickly and the requirement to upgrade current equipment could threaten their ability to stay in business.

Industry Task Managers: Charley Rea, Construction Materials Association of California (CMAC), Gary Rohman, Clayton Miller and Jim Carter.

Action: Caltrans will verify the decision-making timeline for the Air Resources Board.

F CONTRACT ADMINISTRATION PROCESSES

F1. Expand the use of Partnering in the Contract Process

Caltrans would like to reconvene the joint Caltrans and industry steering committee to update the current Caltrans partnering field guide.

Industry Task Managers: John Franich and Sam Hassoun

Action: A joint Caltrans and industry workshop will be held in the fall of 2006 to reaffirm partnering, set goals and resign the charter.

F2. Increase Efficiency of the Contract Process

The new construction management and accounting systems will assist efficient in the contracting process, but additional innovative solutions are needed. Contracts are not currently closed out



quickly enough. The claim should be broken down and contractors should be paid promptly for legitimate claims.

There is a perception from industry that contracts are not paid by Caltrans as a way to leverage power for the settlement process.

Caltrans stated that this was a misconception. Construction management for the last five years has stressed to staff “If there’s entitlement, pay what our records justify, whether it settles the issue or not.” Caltrans policy is to avoid interest payments where clear entitlement exists.

Increased quality of resident engineers should assist with decisions that need to be made on the design of the projects. At times, resident engineers seem to be reluctant to make decisions in the field and the issue is escalated to the next level.

On the positive side, the number of claims has dropped during the last five years.

Industry is invited to identify where the Department can improve the efficiency and accuracy of the claims process. The outcome of this strategic action should be a timeline that outlines Caltrans payments to contractors when entitled.

Action: This action step will be added to the Caltrans and industry June 2006 meeting agenda. The meeting will include representatives from the Engineering and Utility Contractors Association (EUCA), the Southern California Contractors Association (SCCA) and the Associated General Contractors of California (AGC).

F3. Ensure Uniform Enforcement of Standards and Specifications

Caltrans and industry representatives agreed on the action step and no comments or additions were shared.

G BONDING AND INSURANCE

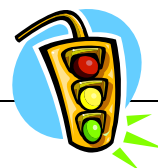
G1. Reevaluate the Owner Controlled Insurance Program (OCIP) Process

Caltrans staff will be looking at new insurance requirements and will engage the construction industry and insurance agencies. To assist small contractors, Caltrans will look at bonding assistance or underwriting programs.

Any assistance programs developed for small contractors would not be intended to increase competition among small contractors. The program would be available for any small contractor who met the requirements or criteria, whether or not they were able to secure bonds themselves.

Programs would be designed to support promote payment from the prime to the subcontractor.

Industry Task Managers: Sam Hassoun and Rebecca Llewellyn



G2. Identify and Apply Small Business Improvements to All Contractors

Caltrans and industry representatives agreed on the action step and no comments or additions were shared.

H FUNDING CONDITIONS

H1. Director's Office

State and federal funding for transportation is currently in danger. The Highway Trust Fund will be depleted by the year 2009. Caltrans and industry will need to look at potential funding from private sources.

Industry will play an important role in advocating and building support for legislative changes. Currently, a West Coast industry representative is on the federal transportation commission.

Action: Caltrans will refine the Design Build Bill and resubmit it to the legislature.

I PROJECT QUALITY

I1. Develop and Implement 'Smart Delivery' Policy and Tools

A 'Smart Delivery' system will be designed to coordinate the advertising of projects throughout the fiscal year. This new method is expected to support a stronger and more competitive contractor pool.

In addition to developing a 'Smart Delivery' system, Caltrans should avoid stacking "mega" projects regionally. Coordination with related regional project should be increased to avoid demand on supplies, which can lead to shortages.

Industry Task Managers: John Franich, Angela Driscoll, Joe Blodgett, Mike McCernan (Teichert Construction), Carolyn Ewing and Tara Haas or Rebecca Llewellyn

I2. Ensure Quality in all Project Phases

Caltrans is working on a committee to develop recommendations and guidance materials for projects. Recommendations will go beyond materials and may include issues such as training.

Industry Task Managers: Sam Hassoun



J COMMUNICATIONS AND OUTREACH

J1. Address Public Perceptions of Caltrans – Improve Public Awareness and Perception of Caltrans

Caltrans won an award from the State Information Officers Council (SiOC) for their “Slow for the Cone Zone” campaign. The recognition of the message by the public increases safety for all transportation workers.

Polls conducted in the Bay Area have indicated that the Caltrans image has improved. Favorability with the public in the Bay Area is current 55% to 60%.

Caltrans is currently on track for delivering 172 out of 174 projects for the current fiscal year.

Industry Task Managers: Russell Snyder (AGC), Tara Haas/EUCA and Carolyn Ewing

J2. Create a Joint Marketing Coalition

It is important for Caltrans and the construction industry to be active in recruiting and training potential workers. Recruitment efforts can be increased through partnerships with schools throughout the state.

Efforts should be targeted towards junior high and high school aged youth to ensure that they complete the necessary educational requirements.

Current efforts should be capitalized on and expanded to encourage more youth to consider transportation and construction professions. Additional job fairs and expanded curriculum for teachers present possible recruitment opportunities.

Industry Task Managers: Adrian Moonre, Joe Blodgett and SMEF

SUMMARY AND NEXT STEPS

Mr. Hextor briefly recapped the progress of the day and remarked that based on the conversations the action plan developed last year was still relevant and on target. Working together, the Caltrans and industry task managers can continue to build on and implement the action steps and further the *GoCalifornia* initiative.

ONGOING COMMUNICATION

Regular communication between Caltrans and industry partners will continue to be an important factor in the success of completing the action plan. To support the ongoing efforts the following actions should be taken:

- Caltrans and industry should meet no less than three times a year.
- The Caltrans Project Managers meeting, held the last month of each quarter, could serve as potential meeting venue.



- Labor should be brought into the discussions to help further many of the action steps.
- Direct communication between Caltrans and industry task managers should be established.
- Gene Mallette and Elizabeth Dooher will coordinate communication efforts.

RESPONSIBLE MANAGERS

General Plan Title	Caltrans Task Manager(s)	Industry Task Manager(s)
A Equipment and Materials Availability		
Secure Adequate Materials to Meet State Needs	Mitchell Baker	Charley Rea
Increase the Use of Recycle Materials	Linda Fong, Terrie Bressette and Ranny Eckstrom	Dan Chapman and Bruce Carter
Ensure Uniform Enforcement of and Compliance with Standards and Specifications	Christine Inouye, Brain Lee, Mark Robinson and Mike Kissel	Bruce Carter and Sam Hassoun
B Contractors and Subcontractors Capacity		
Make Caltrans the “Customer of Choice”	Christine Inouye, Mike Kissel, Kelly Dunlop, Kris Kuhl, Sheila Mone and Chuck Suszko	Sam Hassoun, John Franich and Rebecca Llewellyn
Support Participation of Small Contractors	Janice Salais, David Youmans, Chris Inouye, Victor Salazar, Mike Kissel and Angel Carrera	Rebecca Llewellyn

**C Technology**

Expand Research and Development	Joel Retana, Tori Kanzler, Wes Lun, Ken De Crescenzo, Andre Boutros, Kevin Hanley, Bill Bronte, Gale Ogawa and Pete Zaniewski	Steve Kupferman, PPTG and Rock Product Committee
Upgrade Caltrans Technology Systems	Christine Inouye, Jesus Mora, Mark Turner, Mary Beth Herritt and Tom Hoover	

E Regulatory Environment

Streamline the Permitting Process	Sheila Mone and Mike Brady	Charley Rea, CMAC, Gary Rohman, Clayton Miller and Jim Carter
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F Contract Administration Process

Expand the Use of Partnering in the Contract Process	Elizabeth Dooher	John Franich and Sam Hassoun
Increase Efficiency of the Contract Process	Omar Elkhayat and Mike Kissel	Caltrans and industry standing meetings
Ensure Uniform Enforcement of Standards and Specifications	Christine Inouye	

G Bonding and Insurance

Reevaluate the OCIP Process	Will Kempton	Sam Hassoun and Rebecca Llewellyn
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H Project Quality

Develop and Implement 'Smart Delivery' Policy and Tools	David Youmans	John Franich, Angela Driscoll, Joe Blodgett, Mike McCernan, Carolyn Ewing and Tara Haas or Rebecca Llewellyn
Ensure Quality in all Project Phases	Jim Douglas	Sam Hassoun

**J Communication and Outreach**

Address Public Perceptions of Caltrans – Improve Public Awareness and Perception of Caltrans	Lisa Martin	Russell Synder, Tara Haas and Carolyn Ewing
Create a Joint Marketing Coalition	Lisa Martin	Adrian Moonre, Joe Blodgett and SMEF

Note: If an action step is not listed in the table above, no Caltrans or industry task manager has been assigned.